

State of Arkansas

77th General Assembly

Regular Session, 1989

A Bill

SENATE BILL

413

By: Senator Miles

For An Act To Be Entitled

"AN ACT TO AMEND ARKANSAS CODE 18-44-503 AND 18-44-504 TO
ALLOW AN ALTERNATIVE TO THE FILING OF A BOND FOR CERTAIN
CONSTRUCTION CONTRACTS; AND FOR OTHER PURPOSES."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code 18-44-503 is hereby amended to read as follows:

18-44-503. Public buildings and improvements.

(a) No contract in any sum exceeding twenty thousand dollars (\$20,000) providing for the repair, alteration, or erection of any public building, public structure, or public improvement shall be entered into by the State of Arkansas or any subdivision thereof, by any county, municipality, school district, or other local taxing unit, or by any agency of any of the foregoing, unless the contractor shall furnish to the party letting the contract a bond in a sum equal to the amount of the contract.

(b) All persons, firms, associations, and corporations who have valid claims against the bond may bring an action on the bond against the corporate surety, provided that no action shall be brought on the bond after twelve (12) months from the date on which the Arkansas State Building Services approves final payment on the state contract, nor shall any action be brought outside the State of Arkansas.

(c) In lieu of the bond provided for in subsection (a), the party letting the contract may allow the contractor to deposit cash in escrow in the amount of twenty-five percent (25%) of the amount of the contract, or furnish a letter of credit in the amount of twenty-five percent (25%) of the amount of the contract. The deposit of cash in escrow or the letter of credit shall be conditioned that the contractor shall faithfully perform his contract and shall pay all indebtedness for labor and materials furnished or performed in the repair, alteration, or erection."

SECTION 2. Arkansas Code 18-44-504 is hereby amended to read as follows:

"(c) In lieu of the bond provided for in this section, the party letting the contract may allow the contractor to deposit cash in escrow in the amount of twenty-five percent (25%) of the amount of the contract, or furnish a letter of credit in the amount of twenty-five percent (25%) of the amount of the contract. The deposit of cash in escrow or the letter of credit shall be conditioned that the contractor shall faithfully perform his contract and shall pay all indebtedness for labor and materials furnished or performed in the repair, alteration, or erection."

SECTION 3. All provisions of this Act of a general and permanent nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code Revision Commission shall incorporate the same in the Code.

SECTION 4. All laws and parts of laws in conflict with this Act are hereby repealed.

SECTION 5. Emergency. It is hereby found and determined by the General Assembly of the State of Arkansas that the present requirements for the filing of a bond in certain construction contracts are too restrictive and prohibit many qualified contractors from bidding on construction contracts; that this act provides appropriate safeguards in lieu of the filing of a bond; and that this act is immediately necessary to assist governmental entities and religious institutions in contracting for improvements. Therefore, an emergency is hereby declared to exist and this act being necessary for the immediate preservation of the public peace, health and safety shall be in full force and effect from and after its passage and approval.